



Training Proposal for:
Rehrig Pacific Company
Agreement Number: ET12-0228

Panel Meeting of: **December 16, 2011**

ETP Regional Office: **North Hollywood**

Analyst: M. Reeves

PROJECT PROFILE

Contract
Type: Priority/Retrainee

Industry
Sector(s): Manufacturing

Counties
Served: Los Angeles

Repeat
Contractor: ☒ Yes ☐ No

Union(s): ☒ Yes ☐ No
 Cabinet Makers, Millmen and
 Industrial Carpenters, Local 721

Priority
Industry: ☒ Yes ☐ No

No. of Employees in CA: 173

No. of Employees Worldwide: 700

| Turnover Rate % | Manager/ Supervisor % |
|-----------------|--------------------------|
| 5% | 13% |

FUNDING DETAIL

| Program Costs | Substantial Contribution | Total ETP Funding |
|------------------|-----------------------------|-------------------|
| \$453,600 | \$68,040 | \$385,560 |

| In-Kind Contribution |
|----------------------|
| \$627,288 |

TRAINING PLAN TABLE

| Job No. | Job Description (by Contract Type) | Type of Training | Estimated No. of Trainees | Range of Hours | | Average Cost per Trainee | Post-Retention Wage |
|---------|---------------------------------------|---|---------------------------|-------------------|-----|--------------------------|---------------------|
| | | | | Class / Lab | CBT | | |
| 1 | Priority/Retrainee | Business Skills, Computer Skills, Continuous Improvement, Literacy Skills, Manufacturing Skills | 168 | 24 - 200 | 0 | \$2,295 | \$15.37 |
| | | | | Weighted Avg: 150 | | | |

Minimum Wage by County: \$15.37 per hour for Los Angeles County

Health Benefits: ☒ Yes ☐ No This is employer share of cost for healthcare premiums – medical, dental, vision.

Used to meet the Post-Retention Wage?: ☒ Yes ☐ No ☐ Maybe

\$5.42 per hour may be used to meet the Post-Retention Wage.

| Wage Range by Occupation | |
|--------------------------|------------|
| Occupation Title | Wage Range |
| Production Staff | |
| Shipping/Warehouse Staff | |
| Administration Staff | |
| Sales/Marketing Staff | |
| Supervisor/Manager | |

INTRODUCTION

In this proposal, Rehrig Pacific Company (Rehrig) seeks funding for retraining as outlined below:

Rehrig is a manufacturer of reusable plastic pallets and crates for handling and transporting commercial products, manufactured goods, produce, food, and beverage products. Rehrig qualifies for standard retraining and priority reimbursement. This company meets Out-of-State Competition requirements as an industrially-classified manufacturer. (Title 22, California Code of Regulations, Section 4416(i).)

Rehrig began as a manufacturer of wooden milk crates in 1913 and transitioned to metal wire crates in the 1930s. During the 1960s, advances in plastics technology inspired the company to consider injection molding, which allows for the design of complex geometric shapes with the combined quality of high strength and light weight. Over the years, injection molding capability has enabled Rehrig to sustain a successful growth strategy across several industries and regional markets.

Headquartered in Los Angeles, Rehrig now has numerous locations worldwide including Pennsylvania, Georgia, Texas, Florida, Mexico, Brazil, Asia, and Europe.

Rehrig offers a growing line of transport products and logistical solutions for multi-industry use. Products include food and beverage crates, nestable pallets, rackable standard pallets, roll-out carts, recycle bins for curbside collection of household waste and recyclables, medical waste containers, as well as commercial and public litter containers. Rehrig's customers represent business sectors such as beverage, supply chain, environmental, dairy, bakery, and agriculture.

PROJECT DETAILS

With U.S. manufacturing becoming increasingly competitive, Rehrig began an earnest push towards Lean manufacturing in 2005. The company has implemented certain aspects of Lean such as 5S and Kanbans, and now plans to incorporate a Lean Management System.

Rehrig believes this system will allow it to extend and sustain the Lean culture and principles that are helping the company make significant improvements in efficiency. The Lean Management System involves creating standard work for all levels of production and sales. In addition, establishing visual controls and daily accountability will help ensure that problems are being effectively addressed. Elements of this training will need to be delivered at all levels of the organization.

In addition, the company has purchased a new Customer Resource Management (CRM) system for its Sales Department. This new CRM system is designed to improve sales tracking, order fulfillment, follow up, and database management. The company's entire sales department will need to be trained in the use of this new software.

As part of its focus on automation, the company must equip its workforce with the skills to operate new machinery, reduce waste, and form highly productive cross-functional teams that promote operational efficiency improvements. Production workers require extensive training in Lean Manufacturing, equipment operation and maintenance, and inventory control. All occupations will receive training in the areas of communication, teamwork, computer skills, problem solving, decision making, customer service, and continuous improvement. The proposed training plan is outlined below:

Business Skills training will be provided to all occupations. Training will focus on customer service, communication, order processing, scheduling, and product planning. Trainees will learn how to achieve higher customer satisfaction with greater effectiveness and accountability.

Computer Skills training will be provided to all occupations. This training will help workers become more proficient in the use of various business software solutions used to monitor, document, and track products and data. These modules will cover software applications related to product design, order entry and tracking, sales force data, and inventory control.

Continuous Improvement training will be provided to all occupations. This training will introduce workers to process improvements and problem solving methodologies that promote team building and Lean Management System concepts. Trainees will learn to recognize critical performance indicators, quality measures, and productivity enhancements that contribute to the company's competitiveness.

Literacy Skills training will be delivered to production staff in need of Vocational English as a Second Language skills to improve their job-related reading, writing, and grammar skills. This training will help workers communicate more effectively and perform their jobs with greater confidence.

Manufacturing Skills training will provide production and warehouse staff with the skills and knowledge to operate and maintain equipment, ensure product quality, and implement best practices in the areas of product production, materials handling, and warehousing. Trainees will also learn specific preventive maintenance techniques to reduce production downtime and control operating costs.

Commitment to Training

Rehrig's representatives state that ETP funds will not displace the existing financial commitment to training. The company anticipates that the opportunity for enhanced training made possible by ETP funds will encourage an ongoing financial commitment in this area. Rehrig's ongoing training efforts consist of new employee orientation, basic on-the-job training, and labor relations topics. Rehrig represents that safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law. The company's current annual training budget for its Los Angeles location is estimated at approximately \$84,000.

Rehrig's prior ETP project focused primarily on robotics automation. The proposed training plan builds upon the company's technological advances and incorporates new continuous improvement concepts, Lean manufacturing principles, and business software applications to further bolster Rehrig's competitiveness. At the completion of ETP-funded training, the company is committed to continuing employee training and development activities that establish and maintain a high skilled, knowledgeable workforce.

Substantial Contribution

Rehrig is a repeat contractor with payment earned in excess of \$250,000 at the Los Angeles facility within the past five years. (See Prior Project Table) Accordingly, reimbursement for trainees at the Los Angeles facility will be reduced by 15% to reflect the company's \$68,040 Substantial Contribution to the cost of training.

RECOMMENDATION

For the reasons set forth above, staff recommends approval of this proposal.

PRIOR PROJECTS

The following table summarizes performance by Rehrig under an ETP Agreement that was completed within the last five years:

| Agreement No. | Location (City) | Term | Approved Amount | Payment Earned |
|---------------|-----------------|---------------------|-----------------|----------------|
| ET09-0368 | Los Angeles | 12/15/08 – 12/14/10 | \$494,856 | \$494,856 |

DEVELOPMENT SERVICES

Rehrig retained Training Funding Source in Seal Beach to assist with development of this proposal for a flat fee of \$14,000.

ADMINISTRATIVE SERVICES

Rehrig also retained Training Funding Source to perform administrative services in connection with this proposal for a fee not to exceed 13% of payment earned.

TRAINING VENDORS

To Be Determined

Exhibit B: Menu Curriculum**Class/Lab Hours**

24 – 200

Trainees will receive any of the following:

BUSINESS SKILLS

- Communication
- Customer Service/Satisfaction/Resolve Customer Complaints
- Leadership Skills
- Negotiation Skills
- Order Processing
- Purchasing
- Product Planning
- Sales Logix CRM
- Sales/Forecasting and Marketing
- Scheduling, Budgeting, and Cost Control

COMPUTER SKILLS

- Ansys Finite Element Analysis
- Automated Data Processing
- Bunkspeed Rendering
- Internet/Intranet Portals
- NX CAD
- Sales Logix CRM
- Visibility (Inventory Control)
- WMS System (Windows Monitoring System ERP)

CONTINUOUS IMPROVEMENT

- A3 Problem Solving/Root Cause Analysis
- Kaizen
- Lean Management Systems
- Lean Manufacturing
- Quality Control Management System
- Teambuilding

LITERACY SKILLS*

- Basic/Shop Math
- Understanding Written and Verbal Instructions
- Workplace Terminology/Conversation Skills

*VESL/Basic Math cannot exceed 45% of training hours per trainee

MANUFACTURING SKILLS

- Bill of Lading System
- Electrical Troubleshooting
- Injection Molding Process
- Inventory Control
- Machine Controls
- Maintenance Operations/Practices
- Material Handling and Storage
- Preventative Maintenance
- Shipping and Receiving
- Warehousing

Note: Reimbursement for retraining is capped at 200 total training hours per trainee, regardless of the method of delivery.



CABINET MAKERS, MILLMEN AND INDUSTRIAL CARPENTERS LOCAL 721

October 24, 2011

Mr. Brian McMahon
Executive Director
The Employment Training Panel
1100 J Street
Fourth Floor
Sacramento, CA 95814

Union Support for ETP Funding

Mr. Brian McMahon;

This letter is to confirm support by Carpenters Local Union 721 for Rehrig Pacific proposed training to be submitted to Employment Training Panel.

Sincerely;

Fernando Rojas
Business Manager/Financial Secretary
Local Union 721

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opeiu #537
afl-cio